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Virtual Mind Holding Company Limited
天機控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1520)

**CONNECTED TRANSACTION
IN RELATION TO
SUBSCRIPTION OF PREFERENCE SHARES**

The Board is pleased to announce that on 6 December 2024 (after trading hours), the Company (as subscriber) entered into the Subscription Agreement with the Issuer, pursuant to which the Company shall subscribe and the Issuer shall issue and allot 11,112 Preference Shares at the Subscription Price of HK\$540 per Preference Share.

The Issuer is held as to 40% shareholding by Mr. Mei Weiyi, the Chairman and an executive Director of the Company. The Issuer is regarded as an associate of Mr. Mei Weiyi in accordance with Chapter 14A of the Listing Rules. The Subscription constituted a connected transaction of the Company under Chapter 14A of the Listing Rules, and is subject to the requirement of announcement, but exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 1 November 2024 relating to the entering into of the Investment Framework Agreement.

THE SUBSCRIPTION

The Board is pleased to announce that on 6 December 2024 (after trading hours), the Company (as subscriber) entered into the Subscription Agreement with the Issuer, pursuant to which the Company shall subscribe and the Issuer shall issue and allot 11,112 Preference Shares at the Subscription Price of HK\$540 per Preference Share.

The Subscription Agreement

Principal terms of the Subscription Agreement as set out below:

Date: 6 December 2024

Parties: The Company (as subscriber)
N-Bridge Capital Group Limited (as Issuer)

As at the date of this announcement, Mr. Mei Weiyi, the Chairman and an executive Director of the Company, holds 40% issued shares of the Issuer. Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the holder of the remaining 60% issued shares of the Issuer is a private investor who is independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

Number of Preference Shares to be subscribed

Pursuant to the Subscription Agreement, the Company shall subscribe, and the Issuer shall issue and allot, 11,112 Preference Shares at the Subscription Price of HK\$540 per Preference Share, totally HK\$6,000,480. The Preference Shares, when issued and allotted, represents the entire issued Preference Shares of the Issuer.

Subscription Amount

The Subscription Amount, being HK\$6,000,480, was determined by the parties after arm's length negotiation on normal commercial terms and taking into account the potential business opportunities of the Group to enter into the RWA related business, and the reasons for the Subscription as described under the section headed "Reasons and benefits of the Subscription" below.

Upon the signing of the Subscription Agreement, the Company has paid a deposit in the amount of HK\$2,000,000 to the Issuer which shall be refunded to the Company if the Subscription Agreement terminates.

The Subscription Amount shall be funded by the internal resources of the Group.

Conditions precedent of the Subscription

Closing of the Subscription shall be subject to the satisfaction and/or fulfilment of such conditions precedent as set out in the Subscription Agreement:

- (a) the warranties of the Issuer not having been breached and remaining true, accurate and correct in all material respects and as if repeated at the Closing Date with reference to the facts and circumstances then subsisting;
- (b) the approval by the shareholders of the Issuer at the general meeting of the Issuer or by way of written resolutions of all shareholders of the Subscription Agreement, and the adoption of the amended articles of association of the Issuer by the inclusion of the terms of the Preference Shares;
- (c) the Company having obtained all necessary consent and approval in respect of the Subscription; and
- (d) completion of the due diligence review of the Issuer and the result to the satisfaction of the Company.

The Issuer undertakes to use its best endeavours to procure the satisfaction of the conditions precedent as soon as practicable but in any event not later than the Closing Date. The Company may, at its discretion and upon such terms as it thinks fit, waive the fulfilment of the conditions precedent (a) and (d) above.

If the above conditions precedent cannot be fulfilled or waived (as the case may be) forty-five (45) days after the signing of the Subscription Agreement, or such later date as the Company and the Issuer may agree (i.e. the longstop date), the Subscription Agreement shall automatically terminate and cease to be of any effect.

Closing

Closing shall take place at 5:00 p.m. on the Closing Date or at such other time as the Company and the Issuer shall agree, and each party shall perform its respective obligations pursuant to the Subscription Agreement.

Principal terms of the Preference Shares

Term: three years, starting from the day after the Preference Shareholder receiving the Preference Shares

Dividend Rate : 3.8% per annum

- (a) The dividend rate is fixed during the life of the Preference Shares.
- (b) Dividend payments should be made after the Issuer records profits; if the Issuer does not record any profits that year, the Issuer should make up for the unpaid dividends in subsequent profitable years, or pay them all in one lump sum at the maturity date of the Preference Shares.

- (c) Preference Shares dividends are calculated based on the actual Subscription Amount paid by the Preference Shareholder, and shall be actually paid within ten (10) working days after the Issuer's annual audit report confirms that the Issuer has distributable profits and the Issuer's board of directors resolve by a resolution to distribute dividends; if the actual dividend rate exceeds the agreed Preference Shares dividend rate, the actual dividend rate shall prevail, but in this situation the Preference Shareholder no longer has the preferential right to receive the additional dividends.

Director seats: On the premise that the Preference Shareholder's shareholding ratio reaches or exceeds 30%, the Preference Shareholder has the right to nominate a director to the Issuer's board of directors and has the right to veto the agreed matters.

Liquidation preference: If the Issuer is liquidated in accordance with legal provisions or the Issuer's articles of association, the Preference Shareholder has the right to choose one of the following two options to receive distributions at their own discretion:

- (a) The amount of preferential distribution that the Preference Shareholder is entitled to preferential distribution which shall be the Subscription Amount (principal) corresponding to the equity held by the Preference Shareholder at that time, as well as the minimum return calculated as simple interest based on the annualized yield of 3.8% (the interest calculation period is from the date when the Preference Shareholder actually pays the Subscription Amount to the date when the Preference Shareholder receives the liquidation preference payment, based on 365 days in a year, and converted proportionally when less than one year), minus the Preference Shares dividends already paid to the Preference Shareholder; or
- (b) The Issuer's assets will be distributed to each shareholder (including Preference Shareholders and ordinary shareholders) in proportion to their shareholdings in the Issuer.

Restrictions on voting rights: Preference Shareholder does not have the same voting rights as ordinary shareholders; however, the following voting matters require the consent of Preference Shareholder:

- (a) amend or delete the Issuer's articles of association so as to affect the rights and interests of the Preference Shareholders;
- (b) change the Issuer's core business; and
- (c) change the chairman of the Issuer.

Conversion rights: Preference Shares cannot be converted into ordinary shares without the approval at the Issuer’s shareholders’ meeting.

Redemption rights: The Issuer shall redeem all Preference Shares on the maturity date of the Preference Shares in accordance with the following agreement:

The redemption price is the Subscription Amount of the Preference Shares plus the minimum return calculated as simple interest based on the annualized yield of 3.8% (the interest calculation period is from the date when the Preference Shareholder actually pays the Subscription Amount to the date when the Preference Shareholder receives the redemption payment, based on 365 days in a year, and converted proportionally when less than one year), minus the Preference Shares dividends already paid.

Priority project investment rights: If the Issuer invests in establishing a project company in a jurisdiction other than its place of registration to operate the Issuer’s principal business and the project company is not wholly owned or controlled by the Issuer, when the project company carries out external equity financing, the Preference Shareholder has the priority investment rights under the same conditions to acquire shares that are not lower than the proportion of shares held by Preference Shareholder in the Issuer.

INFORMATION ON THE GROUP

The Group is principally engaged in (i) design, manufacturing and trading of apparels; (ii) provision of money lending business; and (iii) sale of trendy and cultural products business.

INFORMATION ON THE ISSUER

The Issuer was incorporated in Hong Kong in 2015.

The core business of the Issuer is to build and operate an innovative platform that tokenizes real-world assets (RWA) through blockchain technology, and to provide global customers with software, hardware technical services, including but not limited to the issuance of stablecoins, tokens and fungible tokens (NFT), and open business consulting services so that the clients can provide more efficient, transparent and convenient services to their users.

The Issuer has the necessary intellectual property rights authorization and operational experience related to the establishment of a universal exchange certificate issuance and management platform (including but not limited to stablecoins, digital currencies, NFTs, etc.) (“**Universal Exchange Certificate Platform**”) around the world.

The Issuer has obtained the permanent global exclusive authorization from Jinlian Huixin Technology Development (Beijing) Co., Ltd.* (金鏈匯信科技發展(北京)有限公司) for the patents, software copyrights, proprietary technologies, etc. related to the Universal Exchange Certificate Platform. The Issuer has the right to sub-license or further sub-license to any other third parties.

Jinlian Huixin Technology Development (Beijing) Co., Ltd.* (金鏈匯信科技發展(北京)有限公司) is a leading enterprise in the decentralized economy. The company innovatively uses blockchain technology to build a decentralized cooperation platform. Through the platform, it provides transaction witnessing, transaction accounting, transaction sub-accounting and transaction financing services.

REASONS AND BENEFITS OF THE SUBSCRIPTION

The Group subscribed the Preference Shares for investment purposes. The investment strategy of the Group is to generate stable return to the Group with an acceptable risk level. The Subscription gives the Group an opportunity to earn fixed dividend income which is higher than the interest income for deposit placed in banks and to earn extra dividend income when the business of the Issuer is well-developed.

In addition, pursuant to the terms of the Preference Shares, the Company has the priority project investment right to acquire shares in the project company to be established by the Issuer for operating the Issuer's principal business, which is an opportunity for the Group to participate directly in the Universal Exchange Certificate Platform business when opportunities arise.

The Group has been actively seeking to expand the Group's business. The Universal Exchange Certificate Platform is developed through the application of blockchain technology, that is, the application of distributed ledger technology, can empower all industries to realize S2B2C industry chain consensus coordination, and the upstream and downstream parties in the industry chain to realize the automatic implement of consensus rules 7*24 hours. The platform codifies and standardizes multi-party consensus transaction rules, providing the industry with all parties involved in the consensus transaction witnessing, transaction accounting, transaction sub-accounting and transaction financing service platforms. The Company has the market resources and development and investment capabilities for exchange certificates for real-world transactions. The Company plans to cooperate with the Issuer to jointly develop the exchange certificate business based on real-world transaction scenarios.

The Board considers that through the entering into of the Subscription Agreement, it will enable the Group to cooperate with the Issuer so as to help the Group to promote the Universal Exchange Certificate Platform business globally and is in line with the Company's development strategy, and therefore the Directors (including the independent non-executive Directors) considers that the Subscription Agreement is on normal commercial terms and in the ordinary course of business of the Group, the terms and conditions of the Subscription Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

Mr. Mei Weiyi, the Chairman and an executive Director of the Company, is regarded as having a material interest in the Subscription, and therefore he has abstained from voting on the Board resolutions to approve the transactions contemplated under the Subscription Agreement. Save and except for the aforesaid, none of the Directors has any material interest in the Subscription and was required to abstain from voting on the Board resolutions in relation to the transactions contemplated under the Subscription Agreement.

LISTING RULES IMPLICATION

The Issuer is held as to 40% shareholding by Mr. Mei Weiyi, the Chairman and an executive Director of the Company. The Issuer is regarded as an associate of Mr. Mei Weiyi in accordance with Chapter 14A of the Listing Rules. The Subscription constituted a connected transaction of the Company under Chapter 14A of the Listing Rules, and is subject to the requirement of announcement, but exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

TERMS AND DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires.

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm warning signal is hoisted in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Closing”	completion of the Subscription
“Closing Date”	any Business Day within a period of ten (10) Business Days after the fulfilment and/or satisfaction (or waiver as the case may be) of the conditions precedent to the Subscription Agreement
“Company”	Virtual Mind Holding Company Limited, a company incorporated in the Cayman Islands, the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Investment Framework Agreement”	the non-legally binding investment framework agreement entered into between the Company and the Issuer on 29 October 2024 for the proposed investment in the Issuer
“Issuer”	N-Bridge Capital Group Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Preference Shareholder”	holder of the Preference Shares
“Preference Shares”	11,112 preference shares with a par value of HK\$1.00 each to be issued by the Issuer
“RWA”	Real World Asset
“S2B2C”	a collaborative and open business model based on industry consensus, in which the suppliers (S) and merchants (M) have complementary advantages in the supply chain and exert resource synergies to provide the consumers (C) with more competitive products and greater satisfaction services that can improve overall business efficiency
“Share(s)”	ordinary share(s) of par value of HK\$0.04 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription”	the subscription by the Company of the Preference Shares to be issued by the Issuer pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement entered into between the Company and the Issuer on 6 December 2024 in relation to the Subscription
“Subscription Amount”	HK\$6,000,480, being the aggregate Subscription Price for the Preference Shares
“Subscription Price”	HK\$540 per Preference Share
“%”	per cent.

By order of the Board
Virtual Mind Holding Company Limited
Li Yang
Executive Director

Hong Kong, 6 December 2024

As at the date of this announcement, the executive Directors are Mr. Mei Weiyi, Mr. Li Yang, Ms. Tin Yat Yu Carol, Mr. Chan Ming Leung Terence, Mr. Gong Xiaohan and Mr. Wong Wai Kai Richard; and the independent non-executive Directors are Mr. Tang Shu Pui Simon, Mr. Hon Ming Sang and Ms. Lo Wing Sze BBS, JP.

** For identification purpose only.*